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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|--------------------------------------------------------------|-------------|----------------------|---------------------|------------------|
| 10/642,894 | 08/18/2003 | Jay S. Walker | 99-029-C1 | 3361 |
| 22927 | 7590 | 06/22/2004 | EXAMINER | |
| WALKER DIGITAL FIVE HIGH RIDGE PARK STAMFORD, CT 06905 | | | CHAMPAGNE, DONALD | |
| | | | ART UNIT | PAPER NUMBER |
| | | | 3622 | |

DATE MAILED: 06/22/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/642,894

Applicant(s)

WALKER ET AL.

Examiner

Donald L. Champagne

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 September 2003.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 77-90 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 77-90 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 18 August 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 8/18/03.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other:

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 77-88 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claimed invention is not within the technological arts - i.e., no computer implementation or any other technology is employed.
3. As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".
4. Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

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5. This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

6. The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in

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Toma because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (Bd. Pat. App. & Int. 2001).

Double Patenting

7. The **nonstatutory double patenting** rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a non-statutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

8. Claims 77-90 are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 20, 21 and 55 of Walker et al. (U.S. patent 6,415,262 B1) in view of Schulze, Jr. (U.S. pat. 6,223,564 B1). Although the conflicting claims are not identical, they are not patentably distinct from each other.

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9. Walker et al. teaches a method for identifying potential buyers¹, comprising the steps of: receiving intent data from a potential buyer, wherein the intent data identifies an item, *the second product*, that the potential buyer intends to purchase within a particular time period; determining a reduced price (claim 55), which reads on a reward for the potential buyer based on the intent data; receiving a payment identifier of a financial account of the potential buyer (claim 24); issuing the reward to the potential buyer when the potential buyer buys any of the items; and applying a penalty to the customer if the subscription is not completed successfully, which reads on applying a penalty to the potential buyer if the potential buyer does not purchase the item within a particular time period.
10. Walker et al. does not teach applying a penalty to the financial account of the potential buyer. Because this secures the vendors rights under the terms of the subscription, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to applying a penalty to the financial account of the potential buyer.
11. Walker et al. does not teach that the reward comprises money for the potential buyer. Schulze, Jr. teaches that the reward comprises money for the potential buyer (col. 5 line 1). Because all potential buyers desire money, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add the teachings of Schulze, Jr. to those of Walker et al.
12. Neither if the references explicitly teach (claims 89-90) a central server system for implementing the method. However, since the structure recited in the reference is substantially identical to that of the claims, these claimed properties or functions are presumed to be inherent (MPEP § 2112.01). As evidence tending to show inherency, it is noted that the method could not be practically implemented without a central server system.

¹ In Walker et al., a "subscription" is an agreement to buy "a minimum number of the second product". The subscriber in Walker et al. is a potential buyer. Conventionally (Merriam-Webster Collegiate Dictionary definition of "subscription"), a subscription has an element of prepayment, which is lacking in Walker et al.

Claim Rejections - 35 USC § 102 and 35 USC § 103

13. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

14. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

15. Claims 77, 78, 81 and 82 are rejected under 35 U.S.C. 102(b) as being anticipated by Ring.

16. Ring teaches (independent claims 77 and 81) a method for identifying potential buyers of real estate, comprising the steps of: receiving intent data from a potential buyer in the form of a proposed real estate contract of sale (pp. 71-73); determining the price of said real estate, which reads on a reward for the potential buyer based on the intent data, in which the reward/price comprises money for the potential buyer²; receiving a payment identifier of a financial account in the form of a check for the amount of the deposit on contract/earnest money (pp. 76-77); issuing the reward to the buyer by transferring title to the property for the contract price at closing; and applying a penalty to the financial account of the potential buyer, in the form of keeping the potential buyer's deposit on contract/earnest money, if the buyer does not purchase the real estate item within a particular time period. For claim 81, the confirmation signal is received at closing.

17. Ring also teaches at the citation given above claims 78 and 82.

² The logic is explicit if the seller agrees to a price lower than the real estate's listed price. The difference between listed and contract prices is a discount that reads explicitly on money for the potential buyer, said money to be received at closing.

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18. Claims 86-88 are rejected under 35 U.S.C. 102(b) as anticipated by or, in the alternative, under 35 U.S.C. 103(a) as obvious over Ring et al. Ring does not explicitly teach recursive negotiation of the contract terms (step (g) in claim 86). However, under the principles of inherency (MPEP § 2112.02), since the reference invention necessarily performs the method claimed, the method claimed is considered to be anticipated by the reference invention. As evidence tending to show inherency, it is noted that the contract of sale (pp. 71-73) has many blanks requiring specification, which is inherently a process of recursive negotiation. Alternatively, because it is the most efficient means to have two parties come to agreement on many unspecified details, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add recursive negotiation of the contract terms (step (g) in claim 86) to the teachings of Ring et al.
19. Claims 79 and 80 are rejected under 35 U.S.C. 103(a) as obvious over Ring et al. Ring et al. does not teach a partial penalty for purchase of a similar item. Such a situation occurs when the contract of sale was signed with a builder offering multiple properties, and the buyer wanted to change the property to be purchased. Because it would help the builder retain a satisfied customer, it would have been obvious to one of ordinary skill in the art, at the time of the invention, add a partial penalty for purchase of a similar item to the teachings of Ring et al.
20. Claims 83-85 are rejected under 35 U.S.C. 103(a) as obvious over Ring et al. Ring et al. does not teach a partial penalty for purchase after the particular time period. Since the contract of sale is a negotiated instrument, the seller may readily agree to proceed with a late sale for some additional consideration that would read on a partial penalty. Because it would enable both buyer and seller to conclude the agreement satisfactorily, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add a partial penalty for purchase after the particular time period to the teachings of Ring et al.
21. Claims 89 and 90 are rejected under 35 U.S.C. 102(b) as being anticipated by Abecassis (US005426281A). Abecassis teaches a central server system (*Transaction Protection System*, col. 1 lines 5-6, col. 4 lines 59-61 and Fig. 1A), comprising a processor (*computer(s) at deposit protection service center 40*, col. 5 lines 65-66 and col. 6 lines 17-18); a storage device coupled to the processor (*memory contained in the computer system of center 40*, col. 9 lines 8-10); and software operative to run on the processor provide an

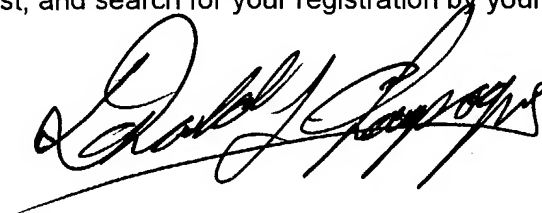
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escrow service assuring that the deposit on contract/earnest money [*monies (deposit) that are tendered by an individual or business entity (e.g. buyer)*] is released to the seller of real estate, and title to said real estate is transferred to the buyer in part because of this consideration, in accordance with the terms of a contract of sale, said contract of sale and fulfillment of its terms reading on demand information, and said transfer of title to the buyer reading on issuing a reward to the potential buyer in exchange for demand information, wherein the software is operable to direct the processor to transfer the deposit on contract/earnest money to the seller if buyer fails to fulfill the terms of the contract, which reads on charging a penalty to a financial account of the potential buyer (col. 2 lines 45-57 and col. 3 lines 9-16),

Conclusion

22. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Donald L Champagne whose telephone number is 703-308-3331. The examiner can normally be reached from 6:30 AM to 5 PM ET, Monday to Thursday. The examiner can also be contacted by e-mail at donald.champagne@uspto.gov, and *informal* fax communications (i.e., communications not to be made of record) may be sent directly to the examiner at 703-746-5536.
23. The examiner's supervisor, Eric Stamber, can be reached on 703-305-8469. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-306-5771.
24. **ABANDONMENT** – If examiner cannot by telephone verify applicant's intent to continue prosecution, the application is subject to abandonment six months after mailing of the last Office action. The agent, attorney or applicant point of contact is responsible for assuring that the Office has their telephone number. Agents and attorneys may verify their registration information including telephone number at the Office's web site, www.uspto.gov. At the top of the home page, click on Site Index. Then click on Agent & Attorney Roster in the alphabetic list, and search for your registration by your name or number.

12 June 2004



Donald L. Champagne
Examiner
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